

Captive Insurer

Instructions for Application for Limited Certificate of Authority

Each applicant for a limited certificate of authority to conduct business as a captive insurance company (captive insurer) should utilize these instructions and prescribed forms. These instructions and forms may be modified from time to time so please verify you have the most recent version before completing your application.

Each applicant must completely and thoroughly fill out the application package, and submit it with a *nonrefundable* application fee of \$10,000. No incomplete application packages will be accepted. Please make checks payable to the State of Michigan, Michigan Office of Financial & Insurance Regulation. The applicant is encouraged to expand upon its responses to the questions in the application by including further narrative responses where appropriate to assist in OFIR's review of the application. Additional information must be attached to the application on an appropriately marked separate sheet of paper.

OFIR is authorized by statute to review the application internally or to have the application reviewed by independent legal, and/or financial consultants selected by the Commissioner. As provided in MCL 500.4603(9), the Commissioner may retain legal, financial and examination services from outside OFIR to examine and investigate the applicant, the reasonable cost of which may be charged to the applicant. The firm's duties are of an advisory nature only and final approval or disapproval of an application shall be made by the Commissioner. All fees incurred as a result of the review of a captive application are the legal responsibility of the applicant whether or not the applicant is successful in obtaining a limited certificate of authority.

All applicants are expected to be familiar with Michigan laws for captive insurance companies. The timeframe for the outside firm to complete the review of the application is very dependent on the quality and completeness of the application filed and the responsiveness of the applicant to any inquiries.

When it appears that licensure is imminent, OFIR will contact the applicant to schedule a meeting. At the meeting, the applicant will discuss with OFIR its intended purpose and provide details on its management.

If you have any questions regarding the application, review process or availability of names for a captive, please have them addressed *prior* to submitting your application. Contact us at (517) 373-2391.



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Type of Proposed Captive: (Item 4)

MCL 500.4611 and 500.4705 provide for the following types of captive insurers.

Pure captive insurance company - as defined in MCL 500.4601(y) means a company that insures risks of its parent, affiliated companies, controlled unaffiliated business, or a combination of its parent, affiliated companies, and controlled unaffiliated business.

Association captive insurance company - as defined in MCL 500.4601(d) means a company that insures risks of the member organizations of the association and their affiliated companies.

Industrial insured captive insurance company - as defined in MCL 500.4601(o) means a company that insures risks of the industrial insureds that comprise the industrial insured group and their affiliated companies.

Sponsored captive insurance company - as defined in MCL 500.4601(dd) means a captive insurance company in which the minimum capital and retained earnings required by applicable law is provided by 1 or more sponsors, is authorized under chapter 46, insures the risks of separate participants through the participant contract, and segregates each participant's liability through 1 or more protected cells.

Branch captive insurance company - as defined in MCL 500.4601(f) means an alien captive insurance company authorized by the commissioner to transact the business of insurance in this state through a business unit with a principal place of business in this state.

Special purpose captive insurance company - as defined in MCL 500.4601(bb) means a captive insurance that is authorized under chapter 46 and chapter 47 that does not meet the definition of any other type of captive insurance company defined in section 4601.

Special purpose financial captive - as defined in MCL 500.4701(x) means a captive insurance company, a captive LLC, or a company otherwise qualified as an authorized insurer that has received a limited certificate of authority from the commissioner for the purposes provided for in chapter 47.

Business/Legal Entity form (Item 5a) and Organizational form: (Item 5)

Please check the appropriate box on the application for business/legal entity form of the proposed captive and type of organizational form for the proposed captive. The organizational documents and the box checked on the application should correspond appropriately.

Corporate existence for the captive will be obtained through OFIR for all organizational types except limited liability companies. Proposed captives that

wish to be a limited liability company must apply to the Department of Energy, Labor & Economic Growth, Bureau of Commercial Services, Corporations Division. The Bureau of Commercial Services, Corporation Division mailing address is PO Box 3005, Lansing, MI 48909, or go to their website at www.michigan.gov/dleg/. Limited liability companies will then need to file copies of their organizational documents filed with the Corporations Division with OFIR, and a certificate of status with the application.

Principal place of business: (Item 6)

Please provide the complete Michigan address of the principal place of business for the proposed captive. For branch captives, please provide the branch operation's Michigan principal place of business.

Resident registered agent: (Item 7)

Indicate the name of the resident registered agent for service of process, and complete and submit form FIS 2218 in the application package to appropriately reflect the appointment of the resident registered agent.

Location of books and records: (Item 8)

Please provide the complete address for the location of the books and records of the captive for examination purposes.

Capital and surplus of captive: (Item 9)

The level of minimum capital and surplus varies based on the type and organizational form of the captive. Please carefully review chapters 46 and 47 (specifically sections 4611 and 4705) to fully understand the requirements.

In item 9, include the initial amount of capital and surplus, and if applicable the number of shares of stock. You must also include with the application evidence of the source and form of the minimum capitalization. The form of the minimum capitalization may also vary by type or organization form of the captive. Please be sure to review Chapters 46 and 47 to ensure compliance with the requirements.

Please be aware section 4611(6) of the Michigan Insurance Code allows the Commissioner to prescribe additional capital requirements based upon the type, volume, and nature of insurance business transacted.

Name and address of beneficial owners: (Item 10)

Please be sure to include complete addresses, names, and the percentage of ownership for each beneficial owner.

Explain relationship among beneficial owners: (Item 11)

Provide a thorough explanation of the relationship among beneficial owners. Use a separate sheet to provide a thorough explanation of the relationship.

Annual report of beneficial owners: (Item 12)

Please provide the most recent 10k if beneficial owners are publicly traded companies or audited financial statements if beneficial owners are not publicly traded.

Letter of credit: (Item 13)

Chapter 46 permits some captives to use a letter of credit for capitalization. If the applicant intends to use a letter of credit (LOC) for capitalizing or funding the captive, the applicant must provide an irrevocable and unconditional LOC. Attach to the application an LOC in the format set forth in form FIS 2217. On the application, provide the name and complete address of the bank where the LOC was issued and indicate the amount of the LOC.

Service providers: (Items 14, 15, 16, 17, 18, and 19)

On the application provide the name, and complete address of the service provider. Attach to the application on a separate sheet, the contact person's name and a complete profile of the firm describing the specific experience in providing services to captive insurers, and how fees for services rendered are charged.

Biographical affidavits: (Item 20)

On the application indicate for each director and officer the name and position individual will hold with the captive and individual's current employer and position. Use separate sheets if needed. Attach to the application a complete biographical affidavit for each director and officer. At this time, OFIR is prescribing the NAIC biographical affidavit form.

Industrial insured captive: (Item 21)

Only industrial insured captives need to complete question 21.

Additional documentation: (Item 22 and 23)

Additional documentation must be completed and submitted with the application. See item 22 for chapter 46 captive and item 23 is specific to chapter 47, special purpose financial captives.

Submit the original and two copies, of the organizational documents with the application. One set of documents will be sent to the Attorney General's Office for review and approval as required by MCL 500.4603(5) and 500.4705(5). Please complete and attach form FIS 2213 to initiate the review of the organizational document. Submit a separate check for \$25. A completed form **must** be submitted with the check to allow proper credit to the captive.

Form FIS 2216 must be submitted with the application for chapter 46 limited certificate of authority. Applicant must provide details on coverage to be written, and whether the business is to be written directly or as a reinsurer. MCL

500.4603 does not allow captives to write worker's compensation insurance, long-term care insurance, critical care insurance, personal automobile insurance or homeowners insurance, or any component of these coverages.

MCL 500.4611(7) requires branch captives to establish a trust fund to secure payment of liabilities. The trust fund is to be established and maintained in the United States. The trust fund can be funded by an irrevocable letter of credit or other acceptable assets for the benefit of United States policyholders or ceding insurers.

Plan of Operation:

Provide a detailed plan of operation that includes all of the following items.

- (1) Narrative explanation of proposed operation of the captive.
- (2) Risks to be insured - direct, assumed and ceded - by line of business. This information should correspond and supplement form FIS 2216.
- (3) Fronting company if operating as a reinsurer
- (4) Expected net annual premium income
- (5) Maximum retained risk (per loss and annual aggregate)
- (6) Actuarial feasibility study
- (7) Rates and pricing guidelines
- (8) Underwriting guidelines and procedures
- (9) Reinsurance program
- (10) Organization and responsibility for loss prevention and safety programs
- (11) Loss experience for past five years together with projections for the ensuing five years
- (12) Organizational chart of the parent company structure showing captive reporting line
- (13) Plans for dividends (or other funds) distributions apart from ordinary operating expenses
- (14) Financial projections on an expected and worse case scenario for a five-year period
- (15) Investment policy, including process followed in selecting investments, types of investments and method and frequency of valuation of investments.
- (16) Liquidity of investments for purpose of payment of claims and expenses.
- (17) Funding methodology.
- (18) Branch Captive - explain where and how trust fund will be established
- (19) Association Captive - provide history, purpose, size and details of parent association
- (20) Special Purpose Financial Captive - provide the following additional information in the plan of operation
 - (A) A description of the contemplated financing transaction or transactions, including a statement of the purpose of each such transaction, the maximum amounts, and the interrelationships of all such transactions
 - (B) SPFC contract
 - (C) A written summary of all material agreements to which the SPFC is party that are to be entered into to effectuate the SPFC contract and the financing transaction(s)

- (D) A description of the investment strategy for the SPFC
- (E) A description of any party, other than the SPFC or the counterparty that will issue SPFC securities in a financing transaction, including a description of its contemplated operation
- (F) A description of the underwriting, reporting, and claims payment methods by which reserves covered by the SPFC contract are reported, accounted for, and settled
- (F) Pro-forma balance sheet and income statements illustrating various stress case scenarios the performance of the SPFC, the SPFC contract, and any ceded reinsurance agreements
- (G) A copy of any letters of approval or non-disapproval received from insurance regulators on filings made by ceding company, or an affiliate of SPFC related to the financing transaction

The actuarial feasibility study required as part of the above plan of operation should adhere to the following guidelines:

- a) Prepared on the actuary's letterhead
- b) Include a description of all materials the actuary reviewed and an explanation of how the feasibility study comports with the plan of operation
- c) The review should cover five years of loss history, specific, if possible, to the insured and the plan of operation
- d) Describe the methodology used in preparing the feasibility study including confidence levels, creditability, expected results, worst and best case scenarios with premium and loss components
- e) Include conclusions on proper pricing

Other:

Applicant should note that by signing the application, a responsible officer is acknowledging all financial records, including reports pertaining to any protected cells, shall be made available for inspection or examination by the Commissioner.

Section 4621 of the Michigan Insurance Code allows a pure captive insurance company to make written application for filing its annual report on a fiscal year end that is consistent with the parent company's fiscal year. Please submit a separate written request with the application if the applicant would like to request a different reporting year other than calendar year at the time of filing the application.

Captive insurance companies are expected to file financial statements with the Commissioner using generally accepted accounting principles on forms prescribed by the Commissioner. If the applicant wants to follow statutory accounting principles, the applicant should submit a separate written request with the application.

Application Package includes the following forms:

Captive Insurer Application (FIS 2214)

Checklist for Captive Application (FIS 2215)

Captive Organizational Documents (FIS 2213)

Captive Coverage/Limits/Reinsurance (FIS 2216)

Resident Registered Agent Statement (FIS 2218)

Irrevocable Letter of Credit for Captives (FIS 2217)

Applicant Affidavit - Section 4705 (FIS 2211)

NOTE: Prepare one extra copy of all documents required by this application to be sent to the assigned Captive Review Firm upon direction of OFIR.

Captive Insurer Application

1. Name of Proposed Captive _____

Federal Identification Number (if applicable) _____

2. Parent or Sponsor _____

3. Provide the following information regarding the individual who is authorized to represent the applicant before the Office of Financial & Insurance Regulation.

Name _____

Title _____

Mailing Address _____

E-Mail Address: _____ Phone: _____ Fax: _____

4. Type of Proposed Captive:

- ☐ Pure ☐ Association ☐ Industrial ☐ Branch ☐ Sponsored
☐ Special purpose financial captive (Ch. 47) ☐ Special Purpose

5a. Legal/Business Entity Form:

- ☐ For profit ☐ Non-profit ☐ LLC ☐ Other

5b. Organization Form:

- ☐ Stock ☐ Mutual ☐ Other

6. Principal Place of Business of Proposed Captive:

7. Resident Registered Agent: _____

8. Location of Books and Records: _____

9. Capital and/or Surplus of Company:

Initial Capital \$ _____

Initial Surplus \$ _____

Total \$ _____

Location of Shares of Stock _____

10. Name(s) and Address(es) of Beneficial Owners % of Ownership
(use separate sheet if needed)

(1) Name: _____

Address _____

Current Net Worth: _____



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(2) Name: _____
Address _____
Current Net Worth _____

(3) Name: _____
Address _____
Current Net Worth _____

11. Explain Relationship Among Beneficial Owners

12. Enclose Annual Report or 10k's of Beneficial Owners

13. If Letter(s) of Credit Is (Are) to be Used:

Name and Address of Bank	Issued in Favor Of	Amount
_____	_____	_____
_____	_____	_____

Service Providers:

14. Name of Management Firm _____
Address _____

15. Name of Law Firm/Lawyer _____
Address _____

16. Name of Claims Handler _____
Address _____

17. Name of Certified Public Accountant _____
Address _____

18. Name of Actuary _____
Address _____

19. Name of Re(insurance) Broker _____
Address _____

20. Biographical Information for Directors and Officers (list below and include biographical affidavit)
(use separate sheet if needed)

Name	Position(s) with Captive
_____	_____
Employer and Position	

Name	Position(s) with Captive
_____	_____
Employer and Position	

Name	Position(s) with Captive
_____	_____
Employer and Position	

21. If Applicant is an Industrial Insured Captive, please answer the following:
(use separate sheet if needed)

Name of Industrial Insured	
Name and Address of each Full-Time Employee Acting as an Insurance Manager or Buyer	
Aggregate Annual Premium \$	Number of Full-Time Employees

Name of Industrial Insured	
Name and Address of each Full-Time Employee Acting as an Insurance Manager or Buyer	
Aggregate Annual Premium \$	Number of Full-Time Employees

Name of Industrial Insured	
Name and Address of each Full-Time Employee Acting as an Insurance Manager or Buyer	
Aggregate Annual Premium \$	Number of Full-Time Employees

22. Include the following with this application:

Chapter 46:

- (a) Non-refundable application fee of \$10,000
- (b) Coverage/Limits/Reinsurance Form (Form provided - FIS 2216)
- (c) Organizational Documents (Form provided - FIS 2213)

- (d) Plan of Operation
- (e) Evidence of Source and Form of Minimum Capitalization
- (f) Evidence of Amount and Liquidity of Assets Relative to Risks
- (g) Biographical Affidavits (NAIC biographical http://www.naic.org/documents/industry_ucaa_form11.doc)
- (h) Evidence of Loss Prevention Program of Parent, Member Organization or Industrial Insured, if applicable
- (i) List all other service providers and their responsibilities together with how fees for services rendered are to be charged
- (j) Copies of All Contracts or Sample Contracts (**Sponsored Captives Only**)
- (k) Resident Registered Agent Statement (**Form provided - FIS 2218**)
- (l) Trust fund (**Branch Captives only**)
- (m) NAIC Company Code Application (http://www.naic.org/documents/industry_company_code_app.pdf)
- (n) Actuarial Feasibility Study

Chapter 47 (Special Purpose Financial Captive)

- (a) Non-refundable application fee of \$10,000. (Only one fee if applying for both Chapter 46 and 47 limited certificates of authority)
- (b) Organizational Documents (**Form provided - FIS 2213**)
- (c) Plan of Operation
- (d) Evidence of Source and Form of Minimum Capitalization
- (e) Biographical Affidavits (NAIC biographical http://www.naic.org/documents/industry_ucaa_form11.doc)
- (f) Evidence of Amount and Liquidity of Assets Relative to Risks
- (g) Applicant Affidavit (**Form provided - FIS 2211**)
- (h) Resident Registered Agent Statement (**Form provided - FIS 2218**)
- (i) NAIC Company Code Application (http://www.naic.org/documents/industry_company_code_app.pdf)
- (j) If Protected Cell is Used:
 - Business Plan
 - Copy of All Contracts and Sample Contracts
 - Expenses Allocated to Each Protected Cell

Certification

I certify that to the best of my knowledge and belief all of the information given in this application (including the attachments) is true and correct and that all estimates given are true estimates based upon facts which have been carefully considered and assessed.

I further certify that as required by sections MCL 500.4603(6)(a) and 500.4705(7)(b) of the Michigan Insurance Code that to all financial records of the proposed captive insurer, including records pertaining to protected cells, shall be available for inspection or examination by the Commissioner or the Commissioner's designee.

Signature of Officer	Date	Signer's Name & Title (<i>type or print</i>)

**Mail or Deliver to: Office of Financial & Insurance Regulation
611 W. Ottawa St.
P.O. Box 30220
Lansing, MI 48909-7720**

Checklist for Captive Application

Name of Captive: _____

Captive applicants: Each of the following items is required before we can process your application for a limited certificate of authority to conduct business as a Captive Insurer in Michigan. Use this checklist to assure that your filing is complete. Incomplete filings will be returned without review. Application fees are non-transferable and non-refundable.

- ☐ Captive Insurer Application (FIS 2214)
- ☐ Organizational Documents (FIS 2213)
- ☐ Plan of Operation
- ☐ Evidence of Source and Form of Minimum Capitalization
- ☐ Evidence of Amount and Liquidity of Assets Relative to Risks
- ☐ Coverage/Limits/Reinsurance Form (FIS 2216), if applicable
- ☐ Biographical Affidavits (NAIC biographical http://www.naic.org/documents/industry_ucaa_form11.doc)
- ☐ Evidence of Loss Prevention Program of Parent, Member Organization or Industrial Insured, if applicable
- ☐ Copies of all Contracts or Sample Contracts (Sponsored Captive Only)
- ☐ Certificate of Formation and Good Standing (LLC Only)
- ☐ \$10,000 fee
- ☐ Resident Registered Agent Statement (FIS 2218)
- ☐ Evidence of Trust Fund (Branch Captives Only)
- ☐ List of any other service providers
- ☐ NAIC Company Code application

Additional Chapter 47 items:

- ☐ Counterparty Domiciliary Approval
- ☐ Applicant Affidavit (FIS 2211)

If Protected Cell is Used:

- ☐ Business Plan
- ☐ Copy of all Contracts or Sample Contracts
- ☐ Expenses Allocated to Each Protected Cell



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Captive Organizational Documents

Fees and attachments must accompany this filing. Please use the checklist and remittance stub on page 2 of this form to complete your filing.

Validation code: 96-11-88 25.00

Name of Captive	This captive is organized under the provisions of Public Act 218 of 1956, as amended; Chapter _____														
Filing Organizational Documents <input type="checkbox"/> Original <input type="checkbox"/> Amendment	The vote on the articles was: <table border="1"> <thead> <tr> <th></th> <th>In Person</th> <th>By Proxy</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Votes FOR</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Votes AGAINST</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				In Person	By Proxy	Total	Votes FOR				Votes AGAINST			
	In Person	By Proxy	Total												
Votes FOR															
Votes AGAINST															
Details about meeting: <input type="checkbox"/> Annual <input type="checkbox"/> Special															

Attach organizational documents. If amending articles, list below articles amended, and state the amendment.

Corporate Certification

We certify that we are authorized to represent this captive, transacting business under Michigan Public Act 218 of 1956 as amended. Notice of the intention to create or amend the organizational documents was properly given to the members or stockholders of this corporation in compliance with the Michigan Insurance Code. After providing proper notice, a meeting was held and it was resolved by the required vote of stockholders or members to approve the attached organizational documents or amendments to the organizational documents.

Signature, _____	Date _____	Signature _____	Date _____
Title _____		Title _____	
Name typed or printed _____		Name typed or printed _____	



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P.A. 218 of 1956 as amended requires submission of this form by captive insurers. Organizational documents are not approved until this form is filed with and approved by the Attorney General's Office.

Checklist for Submitting Organizational Documents for Captives

THESE ITEMS MUST BE INCLUDED BEFORE WE CAN CONSIDER THIS FILING:
(use the checklist to assure all necessary items are included)

- ☐ Submit two copies of form FIS 2213 (Page 1) each with original signatures and each of the following three attachments if applicable:
 - ☐ A copy of the notice of meeting, and evidence that notice was properly given to members/stockholders. *The notice should clearly state that a purpose of the meeting is to vote on organizational documents, and contain the text of the article or section as currently written, and if applicable, the complete amendments with proposed changes.*
 - ☐ A copy of proxy materials (if used) including a proxy card. *Proxy cards should include a place for members/stockholders to vote either yes or no on the organizational document.*
 - ☐ An excerpt from the minutes of the meeting as it relates to adoption of the organizational documents or amendments, signed by captive's authorized representatives.
- ☐ Complete and submit **one copy** of the **Attorney General Fee Payment Stub** (below)
- ☐ Include **one check** for \$25.00 payable in U.S. dollars to: **State of Michigan**.
This is the statutory fee for examination of organizational documents by the Attorney General.

Send entire completed filing to:

OFIR
Supervisory Affairs & Insurance Monitoring Division
PO Box 30220
Lansing, MI 48909-7720

Our toll free phone number is: 1-877-999-6422



Please cut on line. Return stub (below) with payment. Retain checklist (top portion) for your records

FIS 2213 Office of Financial & Insurance Regulation

Attorney General Fee Payment Stub - Captives

Please complete and return this stub with payment in the amount \$25.00

Make check or money order payable in U.S. Dollars to: State of Michigan

OFIR

Supervisory Affairs Division

PO Box 30220

Lansing, MI 48909-7720

Payments received without this stub may be returned to payor, and could result in delayed processing.

Captive Name

FEIN #

Do not write below this line

96-11-0000

-88 \$25.00

CAPTIVE COVERAGE/LIMITS/REINSURANCE

Coverage	Direct or Assumed	Assumed From	Policy Limits Per Occ/Agg.	Excess of Amount & Form	Claims Made or Occurrence	Amount Reinsured	Reinsurance By

	Yes	No
Are policies assessable?	<input type="checkbox"/>	<input type="checkbox"/>
Parental guaranty in place?	<input type="checkbox"/>	<input type="checkbox"/>
Loan to parent requested?	<input type="checkbox"/>	<input type="checkbox"/>
Losses discounted? (only sponsored permitted)	<input type="checkbox"/>	<input type="checkbox"/> If so, proposed rate: _____

Submit with application for limited certificate of authority under Chapter 46 of the Michigan Insurance Code



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Irrevocable Letter of Credit (Captive)

Letter of Credit Number		Date
Bank		
Address	City	State

Commissioner of Office of Financial & Insurance Regulation
 State of Michigan
 P.O. Box 30220
 Lansing, MI 48909-7720

Commissioner:

1. We hereby establish our IRREVOCABLE LETTER OF CREDIT in your favor for the account of _____ up to the aggregate amount of _____ available by your draft(s) drawn on us, at sight, bearing the number of this IRREVOCABLE LETTER OF CREDIT NO. (XXXXX). This LETTER OF CREDIT shall expire at our Letter of Credit Department, _____, at our close of business on _____ unless as hereinafter extended.

2. This LETTER OF CREDIT is issued pursuant to the provisions of Section 500.4611 of the Michigan Compiled Laws, and on behalf of the above mentioned _____ (name of captive) which is applying for a certificate of authority to engage in the insurance business in the State of Michigan as a captive insurance company. We understand and agree that _____ (name of captive) has no obligation to reimburse us and we have no right to set off against any funds held by us for _____ (name of captive) in the event this LETTER OF CREDIT is drawn down, in whole or in part. By issuing this LETTER OF CREDIT, we waive any common law, statutory or contractual right of reimbursement or set off against _____ (name of captive) that may arise in the event this LETTER OF CREDIT is drawn down, in whole or in part.

3. It is a condition of this LETTER OF CREDIT that it shall be automatically extended for additional periods, each of one year, unless at least ninety calendar days prior to the then relevant expiration date we have advised you in writing, by certified mail, that we elect not to extend, in that event, you may draw hereunder on or prior to the then relevant expiration date, up to the full amount then available hereunder, against your sight draft(s) on us, bearing the number of this LETTER OF CREDIT.

4. It is a further condition of this LETTER OF CREDIT that each automatic extension shall be measured from the then relevant expiration date, even though such date is not a business day in Lansing, Michigan for this Bank. It is also a condition of this LETTER OF CREDIT that, for the purpose of drawing hereunder, if the then relevant expiration date is a nonbusiness day for our Bank, drawing may be made not later than our next immediately following business day.

5. This LETTER OF CREDIT sets forth in full the terms of our undertaking, and such shall not in any way be modified, amended or amplified by reference to any note, document, instrument, statute, regulation or agreement referred to herein or in which this LETTER OF CREDIT is referred to or to which this LETTER OF CREDIT relates and any such reference shall not be deemed to incorporate herein by reference any note, document, instrument, statute, regulation, or agreement.

6. Each sight draft so drawn and presented shall be promptly honored by us if presented on or prior to the above stated expiration date or any extension thereof as above provided. Presentation under this LETTER OF CREDIT must be made at _____ located at _____ during normal banking hours.

7. Unless otherwise expressly stated, this undertaking is issued subject to the International Standby Practices 1998 (ISP 98), ICC Publication No. 590.

Very truly yours,



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RESIDENT REGISTERED AGENT STATEMENT

Appointment of Registered Agent:

1. Name of Captive (Company) _____
2. Previous Name (if applicable) _____
3. Principal Office (Must be in Michigan) _____
4. Name of Registered Agent _____
5. Office Address for Service of Process:

The entity named above (the "Company"), organized and existing under the laws of the State of Michigan, for purposes of complying with the provisions of the Michigan Insurance Code of 1956, as amended ("Code"), and pursuant to a resolution adopted by its board of directors or other governing body, hereby irrevocably appoints the above as an agent of the Company upon whom any notice, process or pleading in any action against it in the State of Michigan may be served, in lieu of service on the Company and does hereby consent that any lawful action or proceeding against it may be commenced in any court of competent jurisdiction and proper venue within the State of Michigan and agrees that any lawful process against it which is served under this appointment shall be the same legal force and validity as if served on the Company directly. This appointment shall be binding upon any successor to the Company that conducts the business of insurance in the State of Michigan and either acquires all or substantially all of the Company's assets or assumes its liabilities by merger, consolidation or otherwise; and shall be binding as long as there is a contract in force or liability of the company outstanding in the State of Michigan relating to its conduct of the business of insurance.

1. I acknowledge that I am authorized to execute and am executing this document on behalf of the Applicant.
2. I hereby certify under penalty of perjury under the laws of Michigan that all of the foregoing is true and correct, executed at

Date

Signature of President

Full Legal Name of President

Date

Signature of Secretary

Full Legal Name of Secretary

(Corporate Seal)

Attach a copy of the document authorizing the above to sign on behalf of the corporation



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**APPLICANT AFFIDAVIT PURSUANT TO SECTION 4705(6)(D)
OF
THE MICHIGAN COMPILED LAWS**

STATE OF MICHIGAN)
)
COUNTY OF _____) **SS.**

I, _____, being duly sworn, hereby depose and say:

(NAME)
I am the _____ of _____,
(TITLE) (SPFC)
the "Company".

I certify that:

- a. The Company meets the provisions of Chapter 47 of the Michigan Insurance Code;
- b. The Company operates only pursuant to the provisions in Chapter 47 of the Michigan Insurance Code;
- c. The Company's investment strategy reflects and takes into account the liquidity of assets and the reasonable preservation, administration, and asset management of such assets relative to the risks associated with the Company's contract and the insurance securitization transaction;
- d. The Company's securities proposed to be issued will be valid legal obligations that will be either properly registered with the securities commissioner or constitute an exempt security or form part of an exempt transaction under section 402 of the uniform securities act, 1964 PA 265, MCL 451.802. *[If the issuer of the Company's securities is not the Company, the Company must obtain and submit a separate affidavit which contains the certification in this paragraph],* and
- e. Unless otherwise exempted by the Commissioner, the trust agreement, the trusts holding assets that secure the obligations of the Company under the Company's contract, and the Company's contract with the counterparty in connection with the contemplated insurance securitization are structured pursuant to the provisions in Chapter 47 of the Michigan Insurance Code.

The undersigned certifies that the above statements are true and correct.

Date

Name

Subscribed and sworn to before me this ____ day of _____.

Notary Public

County, Michigan
Acting in _____ County, Michigan
My commission expires: _____



Michigan Department of Energy, Labor & Economic Growth

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